

U.S. To Hold Line on Inflation, Babson Predicts

By ROGER BABSON

This year I have divided my forecast into eight sections as indicated by the following eight headings. Instead of covering general business as a separate topic, I am sure that a reading of the following will give a clear idea of my thoughts on general business. Naturally, my first subject will be the political outlook.

I do not expect any big changes under President Kennedy. If he had won by a landslide I would be quite worried, but with a narrow plurality in the electoral college and only a small fraction of 1% over Nixon in the total popular vote, I think that our new President will be very much on his good behavior. Certainly he will not have much influence with either the Republicans or the Conservative Democrats of the South. He may make radical recommendations in his inaugural address to "save face," but most of these will not become legislation.

He will recommend certain new welfare legislation, which will include medical care for the aged, an increase in Social Security, a new minimum wage, increased public housing, help for the distressed areas, and more aid for education.

COMMODITY PRICES, INCLUDING GOLD

Higher prices of commodities at the retail level are more or less certain, but wholesale prices will probably decline in most instances. Prices will not rise because of inflation during 1961. The first of the price advances will be absorbed by the manufacturer. Owing to the increased competition in all lines, wise manufacturers and retailers will keep their selling prices down. This means that their profits will be less if they are unable to reduce their own costs. All of this means that general business may show less increase in activity and profits in 1961 than in the previous year.

Now, in relation to gold: Three-fifths of the Free World's gold comes from African mines; one-fifth from Canada; and the balance from the U.S. and elsewhere. There are many rumors that the U.S. will "revalue," creating a higher price for gold. This will not happen during 1961; and I think that the price of many gold stocks will decline during 1961. The very discussion in Congress of possible devaluation, would cause us to lose more gold. Everything will probably be done to avoid such a discussion and I believe President Kennedy will publicly state that he is opposed to it.

Temporarily, dollar devaluation might be a shot

in the arm for American business, but it will not cure the cancer or whatever else is causing the pain. Not only would foreign banks withdraw gold before such legislation was passed; but if such legislation should pass in the U.S., it would be followed by similar legislation in England, France, Switzerland, Germany, and other important countries. I advise investors now to forget this question of gold devaluation and not speculate in gold stocks at this time. Leading gold stocks are now selling 25% or more above their price of a year ago. Another thing that investors should remember when buying Canadian gold stocks is that a number of Canadian gold mining companies are now receiving a subsidy from the Canadian government to keep them from being shut down by high labor costs. This subsidy would come off as the price of gold rises.

STOCKS AND BONDS

It is unpopular for me to take a bearish position in my Annual Forecast. Most of the newspapers and my readers like optimistic forecasts. In all the years I have been making these forecasts, last December was the first time that I refused to take a definite position. At that time the Dow-Jones Industrial Average was 670 and today it is fluctuating around 600.

Corporation earnings reports now coming out are

not good. In many cases the gross is kept up or perhaps increased, but the net is off. Many companies will show a decline for 1960 compared with 1959. Prosperity has continued so long that most manufacturers, retailers, and consumers are assuming it will last at least another year. I cannot honestly agree with this. Therefore, I feel that 1961 will see lower prices for the Dow-Jones Industrial Average. I hope that many readers with small businesses are showing a profit. Those who are not should begin to reduce their loans and "trim their sails."

In many cases good bonds now yield more than good stocks. This is unfavorable to the stock market and favorable to the bond market. Therefore, I believe that bonds will continue around their present levels in 1961. Many readers will be wise in shifting now from certain stocks to bonds. There will be reductions in stock dividends; hence it would be much better to hold bonds with fixed-interest payments rather than risk a reduction in the dividend payments of stocks. I especially call readers' attention to "tax-exempt general obligation municipal bonds." These are the fixed-interest municipals of cities with a direct lien on all the taxable property in the city. I would advise against hold-

(Continued on Page 4)

Herald Phone Numbers

- FAIRfax 8-4000—For General News.
- FAIRfax 8-3164—For Society
- FAIRfax 8-4000—For Classified. Ask for Ad-Taker.

If your Herald delivery is late, call Circulation—FAIRfax 8-4000—before 10 A.M. on Sundays or 2 P.M. on Thursdays

Your Complete Community Newspaper—Every Sunday and Thursday

Torrance Herald

OFFICE AND PLANT AT 1619 GRAMERCY AVE., TORRANCE



48th Year—No. 1

TORRANCE, CALIFORNIA, SUNDAY, JANUARY 1, 1961

10¢ Per Copy 12 PAGES

PHONE CO. PROJECT CONFIRMED

New Facility To Provide 200 New Jobs

Plans to construct a new two-story building for the Pacific Telephone Co. at Arlington and Torrance Blvd. were confirmed yesterday by phone officials after the HERALD reported exclusively a week ago that such plans were scheduled.

Yesterday's official announcement of the project stressed that improved "113" (information) service for subscribers with FAIRfax numbers in Torrance as well as phone users in the rest of the harbor area communities would be assured by the project.

FIRST STEP in Pacific Telephone's program to make this possible was the company's announcement that it plans to start construction on a new two-story building at the corner of Torrance Blvd. and Arlington Ave.

Structured within the 22,000-square-foot building will be a large "113" telephone information center containing 72 positions of the latest type information switchboard, a public business office, company employment offices, and various employee facilities.

ACCORDING to John Sonneborn, Pacific's district manager (Dick Pyle, local manager, is recuperating from an illness), the information office will be one of the largest in the harbor area communities and will serve some telephones in each.

Overall cost of the building project, Sonneborn said — including land, building and equipment—is nearly \$650,000.

HE POINTED OUT that more than 200 additional telephone information operators will be employed in the building when it is ready for use.

The added payroll, he emphasized, will bring more than \$1 million annually to Torrance.

Property measuring nearly 150 feet along Torrance Blvd. and 80 feet along Arlington Ave. was acquired by the company this week. Several unoccupied buildings will be removed to make way for the new telephone structure.

INITIALLY TWO stories high, the new building will be framed for a third story for future growth. It will be constructed of reinforced concrete.

A distinguishing feature will be extensive use of glare-reducing and opaque glass in aluminum frames on both floors facing Torrance Blvd.

Passersby will be able to see the operators handling calls on the second floor.

THE LOWER wall along Arlington Ave. will be made of decorative patterned concrete with pre-cast exposed aggregate panels above.

Public entrances to the business office and employment offices will be through a small landscaped court containing public phone booth facilities. The latter will be designed to conform with the architectural character of the building.

"I'M DELIGHTED to be able to tell you about our building plans," Sonneborn said. "It is regrettable to me that Dick Pyle, your Torrance phone company manager, couldn't make this important announcement."

"This all adds up to progress, of course. And I'm hopeful you'll recognize this major Pacific Telephone project as another step in the company's continuing program to meet your communication needs."

"OUR CUSTOMERS here need faster, more efficient information service. This building will provide for it. But it will also help the economic soundness of this expanding city by bringing to it additional jobs and salaries."

"We plan to staff our information center around the clock with helpful, pleasant-voiced, intelligent women. We hope that most of them will live right here in Torrance."

Lt. Cmar. Peterson Home From Cruise

Lt. Cmar. Richard J. Peterson, son of Mrs. Albin Peterson, 3325 Newton St. and the late Mr. Albin Peterson, has returned from an eight-month cruise aboard the carrier USS Oriskany in the Near East. Lt. Peterson is a jet pilot with squadron VF 142.

He spent the Christmas holidays with his wife and two children in Pennsylvania and is spending the New Year's holiday with his mother, before returning to his base at Mira Mar. He will complete this tour of duty in January and will then be stationed in Maryland.

Shawger To Lead Chamber

William E. "Bill" Shawger takes over today as president of the Torrance Chamber of Commerce, it was announced yesterday. He will succeed R.S. "Dick" Pyle, who has announced his retirement from the post.

The new president, who has been serving as first vice president under Pyle, is an executive of California Rubber Products, a firm he established, which is now a division of the Connecticut Hard Rubber Co.

PLYE, manager of the Torrance office of the Pacific Tele-



W. E. SHAWGER To Lead Chamber

phone Co., has been away from his office for several weeks because of illness.

Other officers for 1961 will include Jack Phillips, first vice president; Harold G. Frentz, second vice president; and Don H. Hyde, treasurer. Phillips is owner of Paramount Builders Supply, Frentz is manager of the Bank of America branch in downtown Torrance, and Hyde is industrial relations manager of the Columbia-Geneva Division's Torrance Works of U. S. Steel.

SHAWGER is a native of New Jersey, but has lived in California for many years. He studied rubber chemistry at the University of Southern California, and for 17 years was associated with Rubbertcraft Corp. beginning in 1920.

He joined D & M Machine Works as factory manager of the rubber division and in 1945 formed his own company, California Rubber Products. It was merged with the Connecticut Hard Rubber Co. during the past year. The CRP plant (Continued on Page 3)

A Penny for your Thoughts

After you look at the front page of the Torrance Herald what part do you look at next? Area newspaper readers answered as follows:

Anthony Micucci, 11, 16608 Faysmith:

"We take a Los Angeles paper at our house, too. The funnies are the part I like best. My favorite comic strip is 'Nancy.' She thinks up the funniest things to do."



Victor Riddle, 3820 W. 174th St., music teacher:

"I think that current event coverage is the most interesting to me. I don't care much for sports or the funnies. The woman's page gives well deserved publicity to women's clubs and charitable organizations who do a great deal of good."

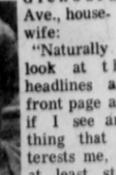
Fred Flachman, 16907 Faysmith, retired:

"I like sports and news. I am too old to participate in sports but I follow them closely, especially baseball. I like to read the facts on outstanding players but I don't care much for features on them."



Mrs. W. P. Owens, 11805 Glenburn Ave., housewife:

"Naturally I look at the headlines and front page and if I see anything that interests me, I'll at least start to read it. My main interest is the woman's page, if it covers the activities of people and groups that are of interest to me."



PROPOSED PHONE FACILITY . . . Artist's concept of new Torrance telephone building at southwest corner of Torrance Blvd. and Arlington Ave. shows functional architecture. Architect for the Pacific Telephone structure is Allison and Ribbe. Purchase of the site by the utility was reported exclusively in the Herald a week ago.

County Marshal to Open Torrance Branch Tuesday

Joe Bookman, Los Angeles County Marshal, yesterday announced the opening of another Divisional Office in the ever expanding chain of Marshal's

Offices throughout the county. Effective Tuesday the new office, located at 3231 Torrance Blvd., will be the 28th branch Marshal's Office located within Los Angeles County. The Division Commander will be Lt. Arnold Strasser, a veteran of 13 years in the Marshal's Department. Lt. Strasser is being transferred from the Alhambra Division where he also served as commander.

Ex-Mayor Of Konya Sends Card

Many Torrance residents were relieved this week to hear the news that Mr. and Mrs. Siki Bilgin, former Mayor of Konya, Turkey, are alive and well.

The Bilgins visited Torrance in February to attend the Konya Day Celebration sponsored by the Torrance-Konya City to City Committee. Mayor Bilgin was removed from office and imprisoned following the mid-year upheaval in Konya. Rumors were heard locally that Bilgin had been executed by the new government.

Official "Ambassador" to Konya, former Redondo Beach Mayor Charles Wortham and Chamber Manager Dick Fitzgald both received Christmas cards from the Bilgins. Wortham received word from an acquaintance in Ankara, Turkey, that although free, Bilgin still has to stand trial.

THE NEW Torrance Office will serve Civil Process in an area bounded by Victor Street on the west, Vermont Ave. on the east, Rosecrans Blvd. on the north, and the northern boundary of the Palos Verdes Estates on the south. This area which includes the cities of Torrance, Gardena, and Lawndale was formerly serviced by the South Bay branch Marshal's Office.

South Bay will retain the Bay Cities area of Hermosa Beach, Redondo Beach, Manhattan Beach, and Palos Verdes Estates.

THE DUTIES of the Deputies Marshal include bailliffing all the Municipal Courts within the county, as well as serving legal process incidental to lawsuits and the attaching of property, such as automobiles, salaries and real estate, in conjunction with said lawsuits.

New Homes Get Streets

Supervisor Burton W. Chace announced today that street improvements completed by the developer to provide access to the nine homes in the new development near 220th and Dolores Sts. in the Carson area have been accepted for inclusion in the Los Angeles County Highway System.

Improvements were constructed under County Road Department supervision by the developer at a cost of approximately \$5280 and will add 0.1 mile of roads to the County system of maintained highways.

Many Groups Use Holidays To Aid Hospital Patients

Many groups and individuals joined to cheer patients spending the Christmas holidays in the hospital, Administrator Leonard A. Ensminger of Torrance Memorial Hospital reported yesterday.

"The community Christmas spirit this year far exceeded previous years," Ensminger said.

He said that so many groups and individuals participated, that his staff could not compile a complete list of those who took part. However, he did point out the work of the Nativity Church and its carol singers; Tri-Hi-Y; Girl Scout Troop 295; and the chorus from the First Methodist Church.

In addition to these, the North Torrance Campfire Girls provided tray favors, and the eighth grade Sunday School class of the Alondra Methodist Church brought gifts to children confined to the hospital on Christmas.

"The patients and staff of Torrance Memorial were pleased with the community Christmas spirit," Ensminger said.